



MEMORANDUM

Date: July 11, 2006
To: PLANNING COMMISSION
From: COMMUNITY DEVELOPMENT DEPARTMENT
Subject: GPA 01-09: City of Morgan Hill, Adoption of Housing Element Update

REQUEST

Amendment to the General Plan by adoption of an update of the Housing Element

RECOMMENDATION

Environmental Assessment:	Recommend City Council adoption of Negative Declaration
Application GPA 01-09:	Recommend City Council adoption of Housing Element by approval of attached resolution.
Processing Deadline:	July 11, 2006

BACKGROUND/PROJECT DESCRIPTION

The public hearing for this item was opened at the Commission's June 27th meeting and continued to this date.

This application proposes an update to the Housing Element of the City's General Plan. The proposed update is intended to serve as a statement of City policy regarding existing and future housing in the community. The update includes information and has been structured to demonstrate compliance with State law. The attached staff report from the June 27 Commission meeting provides additional information regarding the draft Element and appendices.

Draft Housing Element

All of the Goals and most of the Policies and Actions contained in the adopted Housing Element would remain unchanged in the updated Element. Several of the existing Policies and Actions

are proposed to be eliminated as they have been accomplished, were found to be ineffective or are no longer relevant. No new Goals are proposed. Several new Policies and Actions are proposed to be added. The proposed Policies and Actions have been added in response to comments received from the State regarding the adequacy of the draft Element and recent changes to State law. The proposed Policies and Actions are shown in italicized text in the draft Element for ease of identification.

Four new Actions have been added since the June 27 Commission meeting based on comments from the State. Those Actions include the following:

- Add a policy or action that will ensure that the City will be able to accommodate its “fair share” of the regional housing allocation in the future. See new Action 1c-2.
- Add a policy or action that will ensure that City codes provide for reasonable accommodation for persons with disabilities. See new Actions 3c-4 and 3c-5.
- Amend the timeframe by which the City will amend the Zoning Ordinance to provide for emergency shelters and transitional housing. See amended date for Action 3c-5.

Also, based on conversations with State representatives since the last Commission meeting, two Actions are proposed for deletion. These actions, which have been completed or are no longer needed, include the following:

- Action 1a-4, regarding amendment to the RDCS to meet the current regional “fair share” housing allocation.
- Action 1i-5, regarding the use of remnant parcels for affordable housing.

A copy of the revised Housing Element is included with the Commission packet. Also, a copy of the comments received from the State regarding the adequacy of the update is attached for Commission reference.

Housing Needs Assessment

Most of the comments from the State regarding the draft Element are “suggestions” to strengthen the Element and are not required for its certification. Also, most of the comments that address certification of the Element deal with the adequacy of the documentation for proposed housing Policies and Actions and not the Policies and Actions, themselves. This documentation is included in the Housing Needs Assessment, which is Appendix B to the Element. The majority of the additional documentation needed for certification of the Element relates to the following:

- The number and level of affordability of BMR units
- The amount and carrying capacity of vacant land suitable for future residential development, particularly multi-family development
- The operation of the Residential Development Control System
- The level of accommodation to meet the housing needs of disabled persons.

Staff is in the process of developing the additional information for the Housing Needs Assessment. Insofar as this information is needed only to substantiate compliance with State law and does not affect City housing policy, staff requests the Commission take action on the draft

Element and authorize staff to modify the Needs Assessment, as required, without further Commission action.

The Housing Needs Assessment was included with the Commission June 27 packet. Changes to that document have not yet been made and therefore has not been reproduced for this Commission packet.

ENVIRONMENTAL ASSESSMENT

Staff has prepared an Initial Assessment of the Housing Element update and has found that the proposed Policy and Action amendments would not have a significant effect on the environment. As a result, adoption of a Negative Declaration is recommended.

CONCLUSIONS and RECOMMENDATIONS

Staff supports the proposed amendments to the Housing Element. The amendments reflect the City's successes with its housing programs and initiatives and include new actions to address identified needs. The draft Element fairly and accurately reflects current City housing policy. Staff recommends the Planning Commission adopt the attached resolution recommending similar action to the City Council. As drafted the resolution gives staff the ability to make changes to Appendix B, the Housing Needs Assessment, without additional action by the Commission.

Enclosures: Negative Declaration
Resolution of Approval
June 27 Commission Staff Report
Comments on Draft Element from State Department of
Housing and Community Development
Draft Housing Element



COMMUNITY DEVELOPMENT DEPARTMENT, PLANNING DIVISION

17555 Peak Avenue Morgan Hill CA 95037 (408) 779-7247 Fax (408) 779-7236
Website Address: www.morgan-hill.ca.gov

NEGATIVE DECLARATION

I. DESCRIPTION OF PROJECT:

Date: July 11, 2006

Application No.: GPA 01-09:

APN: City-wide

Address of Project: City-wide

Applicant: City of Morgan Hill – Adoption of Housing Element

Project Description: The project consists of an update of the Housing Element of the Morgan Hill General Plan. The update has been prepared to meet the requirements of State law and local housing objectives. The update covers the period of 1999 through 2006. The updated Element includes a comprehensive statement of current and projected housing needs in Morgan Hill and goals, policies and actions intended to address those needs.

II. DETERMINATION

In accordance with the City of Morgan Hill procedures for compliance with the California Environmental Quality Act (CEQA), the City has conducted an Initial Study to determine whether the proposed project may have a significant adverse effect on the environment. On the basis of that study, the City makes the following determination:

- ☒ The proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION is hereby adopted.
- ☐ Although the project, as proposed, could have had a significant effect on the environment, there will not be a significant effect in this case because mitigation measures have been added to the project, and, therefore, a **MITIGATED**

DECLARATION is hereby adopted.

III. FINDINGS

Based on the findings of the Initial Study, the proposed project will not have a significant effect on the environment for the following reasons:

1. The project does not have the potential to significant degrade the quality of the environment, including effects on animals or plants, or to eliminate historic or prehistoric sites.
2. The project will not have any significant adverse impacts on traffic or land use.
3. The project will not generate significant adverse effects on the water, air quality, or increase noise levels substantially.
4. In addition, the project will not:
 - a. Create significant impacts which achieve short-term, to the disadvantage of long-term environmental goals.
 - b. Create impacts which are individually limited, but cumulatively considerable to a significant degree.
 - c. Create environmental effects which will cause significant adverse effects on human beings, either directly or indirectly.

Kathleen Molloy Previsich
Community Development Director

Date: _____

RESOLUTION NO. __-

**A RESOLUTION OF THE PLANNING
COMMISSION OF THE CITY OF MORGAN HILL
RECOMMENDING APPROVAL OF AN UPDATE OF THE
HOUSING ELEMENT OF THE GENERAL PLAN,
APPLICATION GPA 01-09**

WHEREAS, such request was considered by the Planning Commission at their regular meetings of June 27 and July 11, 2006, at which later date the Planning Commission recommended approval of application GPA 01-09; and

WHEREAS, testimony received at a duly-noticed public hearing, along with exhibits and other materials have been considered in the review process.

**NOW, THEREFORE, THE MORGAN HILL PLANNING COMMISSION DOES
RESOLVE AS FOLLOWS:**

SECTION 1. The proposed Housing Element update is consistent with other elements of the General Plan.

SECTION 2. An environmental assessment has been prepared for this project and is deemed complete, correct and adequate in accordance with state and local environmental guidelines. Based upon said study, the Planning Commission recommends to the City Council that a Negative Declaration be adopted.

SECTION 3. The Planning Commission recommends to the City Council that the proposed update to the Housing Element as shown in attached Exhibit "A" be approved and replace the current Housing Element.

SECTION 4. The Planning Commission authorizes amendments to the Appendices of the Housing Element be amended to supplement Needs Assessment information without further review by the Commission.

SECTION 5. The Planning Commission recommends the Goals, Policies and Actions of the updated Element be inserted into the General Plan policy document.

**GPA 01-09: Housing Element Update
Planning Commission Resolution ____**

**PASSED AND ADOPTED THIS 11th DAY OF JULY, 2006, AT A REGULAR MEETING
OF THE PLANNING COMMISSION BY THE FOLLOWING VOTE:**

AYES: COMMISSIONERS:

NOES: COMMISSIONERS:

ABSTAIN: COMMISSIONERS:

ABSENT: COMMISSIONERS:

ATTEST:

APPROVED:

FRANCES O. SMITH, Deputy City Clerk

ROBERT J. BENICH, Chair



MEMORANDUM

Date: June 27, 2006
To: PLANNING COMMISSION
From: COMMUNITY DEVELOPMENT DEPARTMENT
Subject: GPA 01-09: City of Morgan Hill, Adoption of Housing Element Update

REQUEST

Amendment to the General Plan by adoption of an update of the Housing Element

RECOMMENDATION

Environmental Assessment:

Application GPA 01-09: Open public hearing and continue to July 11, 2006
Planning Commission meeting

Processing Deadline: July 11, 2006

BACKGROUND

State requires each city to include a Housing Element within its General Plan. The law is very specific regarding the time frame for which the Element must be prepared and the content of the Element. The most recent State time frame for the Morgan Hill Housing Element is for the period between 1999 and 2006. The required contents of this Element are more detailed and specific than for any other required Element. In addition, the Housing Element is the only Element of the General Plan that the State is authorized to "certify" as being in compliance with the law. State law requires Housing Elements to include:

- An assessment of housing needs and an inventory of resources and constraints relevant to meeting those needs.
- An inventory of adequate residential sites available for a variety of housing types for all income levels.
- A statement of the community's goals, quantified objectives and policies relevant to the maintenance, improvement and development of housing.

- A program that sets forth a five-year schedule of actions that the city will undertake to implement the policies and achieve the goals of the Element.

In addition, the State provides each city with a number of housing units which the city is to accommodate during the time frame of the Element. That number is referred to as the Regional Housing Needs Determination (RHND). For Morgan Hill, the overall number of housing units to be accommodated during the 1999 – 2006 time period is 2484.

The City initiated an update of the Housing Element to address State requirements in 2001. The update was undertaken by 9-member advisory committee consisting of members of the City Council, Planning Commission and representatives of home building, real estate and banking industries. Commissioner Mueller served on that committee. A draft Element was prepared and submitted to the State Department of Housing and Community Development (HCD) for review in 2002. HCD representatives requested only minor changes to the Element intended to ensure that all requirements of the law were met. However, HCD staff indicated the Element could not be certified unless the City could accommodate the RHND. Given the declining number of units that could be approved annually under Measure P, the City was unable to accommodate that number of units.

With passage of Measure C in 2004, the number of units that could be allocated annually increased to approximately 250. This increase allowed the City to meet the RHND. As a result, the draft Housing Element has been modified to address the comments received from HCD and updated to comply with amendments to State law that were enacted subsequent to the drafting of the Element. The revisions to the Element have been submitted to HCD for comment. Those comments should be received prior to the June 27 Commission meeting.

PROJECT DESCRIPTION

The Housing Element has been structured in a way that demonstrates compliance with State law. Major sections of the Element are devoted to documenting compliance of the new Element with other portions of the General Plan, describing the achievements under the current Housing Element and defining new goals, policies and actions of the Element. In addition, Appendix B to the Element includes a Housing Needs Assessment. That document provides background information on the housing needs and conditions in the City in order to prepare goals and policies that will adequately meet the needs of the community.

The current Housing Element was adopted in 1990 and was intended to provide guidance for City housing activities for the period of 1990 to 1995. The Evaluation of Achievements section of the draft Element (pages 20 – 35) includes an assessment of the accomplishments of the current Element from 1988 to 1998. Overall, the City was very successful in addressing the Action items within the Element. During that time period, 519 affordable units were produced, nearly one quarter of all new units. \$9.5 million of Redevelopment Agency funds were used to assist in the construction or rehabilitation of 404 homes, 266 of which were rental units.

The updated Goals, Policies and Actions of the draft Housing Element are contained on pages 36 through 53 of the document. Most of the Goals, Policies and Actions of the current Element continue to reflect City housing policy and have not been substantively changed in the draft Element. “Objectives” in the current Element have been eliminated as they are inconsistent with the format of other elements of the General Plan. Several of the existing Policies and Actions have been eliminated in the draft Element as they have been accomplished, were found to be ineffective or are no longer relevant. The rationale for their elimination is included in the Evaluation of Achievements section of the draft Element. No new Goals are proposed. Several new Policies and Actions are included. They are shown in italicized text in the draft Element for ease of identification. Included with the Goals, Policies and Actions is an action plan for implementation of the Actions included within the draft Element. The action plan consists of the responsibility, time frame and funding for completion of the Action items in the Element. In that the 1999 – 2006 time horizon for the draft Element is complete, Staff has included the accomplishments for those Actions which had a specific time frame for completion.

The Housing Needs Analysis (Appendix B to the draft Element) includes an assessment of City housing needs and an inventory of resources and constraints relevant to meeting those needs. Much of the demographic data in this Analysis comes from the 1990 census and is therefore out of date. A description of the Regional Housing Needs Determination is included on pages 45 – 47 of the Analysis. Table 27 (page 48) identifies the City’s housing production relative to the RHND. Data on that table is based on State Department of Finance estimates and City RDCS allotments. The table illustrates that over the seven-year time period, the City has produced slightly more housing than identified in the State allocation. By income level, the City provided 80% of the target for very low-income households, 130% of target for low-income households, 50% for moderate-income households, and 123% for above moderate-income households.

The Housing Needs Analysis also includes an inventory of vacant residentially zoned sites for future housing. That inventory identifies in excess of 700 acres within the City that is available for development. Under current zoning, that land can accommodate approximately 3,700 additional housing units.

CONCLUSIONS and RECOMMENDATIONS

Staff supports the proposed amendments to the Housing Element. The amendments reflect the City’s successes with its housing programs and initiatives and include new actions to address identified needs. Staff recognizes that changes have occurred since the update was drafted and that more up-to-date data is available on which to base City housing policy. However, the current State schedule requires the City’s Element be updated and submitted for review again in June, 2009. At that time, a thorough review of existing policy and future needs should be undertaken.

Staff recommends the Commission take the following steps:

- Open the public hearing and receive testimony regarding the draft Element,
- Discuss the document and direct staff to provide any additional necessary information,
- Continue the public hearing to the Commission's July 11 meeting.

Enclosures: Draft Housing Element
Draft Housing Needs Assessment

City of Morgan Hill: Feedback on the Informal Revised Draft (Received May 23, 2006)

The following is informal feedback to assist the Morgan Hill housing element in addressing the statutory requirements of housing element law and does not represent findings from a complete and full Departmental review. This feedback is organized according to the Statute and Department's February 28, 2002 Review.

Progress toward the Regional Housing Need (Page B-47 -):

- To credit units for lower and moderate income housing needs, the element must demonstrate affordability based on actual rents and sales prices. This can be done on a project basis. Where units have affordability terms, the analysis should document the source for the affordability terms (RDA, LIHTC, inclusionary, density bonus, etc.)
- Will fax example.

Sites Inventory (Page B-75 -):

- Non-vacant (under-utilized) sites * – To credit capacity, the inventory should list existing uses for non-vacant sites

NOTE: A detailed description of existing uses on nonvacant sites will facilitate the analysis (see below) demonstrating the suitability and availability of the non-vacant sites in the planning period

Sites Inventory Analysis (Generally B-49 -)

- Infrastructure (Pages 12 and B-64) – Clearly state whether the City has sufficient total water and sewer capacity to accommodate its total share of the regional housing need
- Realistic Capacity (page B-49 and B-51) * – This capacity assumption should account for site improvements and land use controls and should represent what is realistic for the planning period. While the element states capacity calculations are based on existing development patterns, this analysis should be strengthened.
- Map of Sites – Not found
- Analysis of Underutilized Sites (page B-49) * – To credit capacity on nonvacant sites, the element should comply with detailed requirements under GC Section 65583.2(g)).

Zoning for a Variety of Housing Types

- Zoning for Farmworkers * – The analysis should be more detailed and element might need a program

Governmental Constraints

- Land Use Controls * – The analysis should be more detailed and element might need programs, particularly heights in the R3 and whether development standards impede the ability to achieve maximum densities in higher density zones (R-2 and up)
- Residential Development Control System – Analysis should be more detailed and HCD will provide guidance after reviewing the measure. At minimum, the analysis should provide more detail on the recent changes to demonstrate 250 units per year allocation, discuss potential impacts and mitigations on the size of development applications, provide more detail on the potential impacts of required design criteria and amenities (discuss objectivity from our conversation and efficiencies gained later on the in the entitlement process), discuss approving body (Planning Commission), length of approval (6 months, not almost 2 years based on our conversation) and authority City Council has to mitigate the system. The element should also continue a program that commits to the 250 units per year through the end of the planning period, various mitigations and monitor potential impacts on the cost and supply of housing.
- Site Improvements * (page B-66) - Analysis should be strengthened to at least identical actual subdivision level site improvement standards, such as street widths
- Local Processing and Permit Procedures * (Page B-56) – The analysis should be strengthened to identify decision making body and criteria and potential impacts on approval certainty, particularly for multifamily.
- Potential Constraints on Housing for Persons with Disabilities (Page B-59) – The element might need to include a program to establish a formal reasonable accommodation procedure by a date certain. Also, the element should include a more detailed analysis to at least address the following (from the Department's memo and analysis tool):
 1. Does the locality have any processes for individuals with disabilities to make requests for reasonable accommodation with respect to zoning, permit processing, or building laws?
 2. Describe the process for requesting a reasonable accommodation?
 3. Are residential parking standards for persons with disabilities different from other parking standards? Does the city have a policy or program for the reduction of parking requirements for special needs housing if a project proponent can demonstrate a reduced need for parking?
 4. Does the City restrict the siting of group homes? How does this effect the development and cost of housing?
 5. The element mentions a CUP for 7 or more – Does this facilitate smaller residential care facilities (7 to 14)?

6. Does the City have occupancy standards in the zoning code that apply specifically to unrelated adults and not to families? Do the occupancy standards comply with Fair Housing Laws?
7. Does the land use element regulate the siting of special need housing in relationship to one another? Specifically, is there a minimum distance required between two (or more) special needs housing?
8. Does the City have a set of particular conditions or use restrictions for group homes with greater than 6 persons? What are they? How do they effect the development of housing for persons with disabilities?
9. Does the City have particular conditions for group homes which will be providing services on-site? How may these conditions affect the development or conversion of residences to meet the needs of persons with disabilities?

Housing Program: General (pages 33-48 -)

- Action 1i-3 – The program should have a more schedule of actions. For example, the City will annually meet with non-profit developers to assist with site identification, entitlements, concessions and incentives, etc.
- Action 1i-5 - The program should have a more schedule of actions
- Action 1p-3 – Depends on City's follow up to question from 6/15 conversation

Housing Program: Adequate Sites

- Depending on the analysis, the element may need to strengthen or add programs
- Element could include action to rezone sites R4 and encourage higher density as discussed on page B-50 of the revisions received 6/15/06
- Action 3e-5 – Element must have a program to establish zoning and development standards that encourage and facilitate emergency shelters and transitional housing. Revisions to this program depends on City's follow up to question from 6/15 conversation.

Housing Program: Governmental Constraints

- Depending on the analysis, the element may need to strengthen or add programs
- Element should include actions to mitigate RDSCS as discussed above
- Element could include action to address heights in R3 and might need to add action to establish a formal reasonable accommodation procedure.

Public Participation

- The element should be distributed to key stakeholders for comment, including developers of housing affordable to lower income households, market rate developers and providers of services for lower income households